

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2015

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HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

Mike Bosma	President	2017
Shelly Heikens	Vice President	2015
Doug Stahly	Board Member	2015
Tim Harmon	Board Member	2017
Arin Elser	Board Member	2015

School Officials

Dennis Peters	Superintendent
Mindy Gunderson	District Secretary/Treasurer

Gary E. Horton CPA

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Independent Auditor's Report

To the Board of Education of
Harris-Lake Park Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Harris-Lake Park Community School District, Lake Park, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above presents fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Harris-Lake Park Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Harris-Lake Park Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No 68, Accounting and Financial Reporting for Pensions . an Amendment of GASB Statement No 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, The Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 14 and 47 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U. S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harris-Lake Park Community School District's basic financial statements. We previously audited, in accordance with the standards referred in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2016, on our consideration of Harris-Lake Park Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide and opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Harris-Lake Park Community School District's internal control over financial reporting and compliance.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

March 29, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Harris-Lake Park Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,478,387 in fiscal 2014 to \$3,492,430 in fiscal 2015, as General Fund expenditures increased from \$3,135,496 in fiscal 2014 to 3,215,483 in fiscal 2015. The District's General Fund balance increased from \$1,255,617 in fiscal 2014 to \$1,532,564 in fiscal 2015, an increase of \$276,947.
- The increase in General Fund expenditures was attributable to an increase in negotiated salaries and benefits. Revenue exceeds expenditures by \$276,947.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Harris-Lake Park Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Harris-Lake Park Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Harris-Lake Park Community School District acts solely as an agent or custodian for the benefit of those outside of District government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Harris-Lake Park Community School District Annual Financial Report

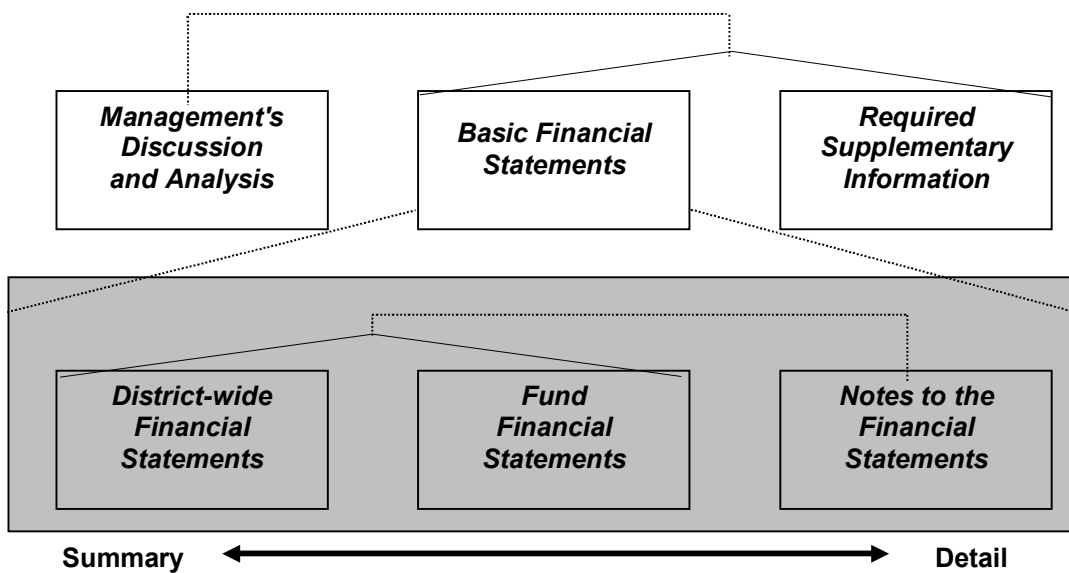


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflow information	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- **Business type activities:** The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a State of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

- Private-Purpose Trust Fund . The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds . These are funds through which the district administers and accounts for certain federal and/or state grants as a fiscal agent.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014

<i>Harris-Lake Park School Condensed Statement of Net Position FY 14-15</i>							
	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Current and other assets	\$4,804,693	\$5,868,949	\$25,712	\$29,612	\$4,830,405	\$5,898,561	-18%
Capital assets	\$9,027,481	\$6,619,395	\$31,342	\$39,199	\$9,058,823	\$6,658,594	36%
Total Assets	\$13,832,174	\$12,488,344	\$57,054	\$68,811	\$13,889,228	\$12,557,155	11%
Deferred outflows of resources	\$2,471,815	-	\$6,763	-	\$2,478,578	-	100%
Long-term debt outstanding	\$5,939,024	\$2,198,207	\$31,946	\$1,483	\$5,970,970	\$2,199,690	171%
Other liabilities	\$505,476	\$110,810	-	-	\$505,476	\$110,810	356%
Total liabilities	\$6,444,500	\$2,309,017	\$31,946	\$1,483	\$6,476,446	\$2,310,500	180%
Deferred inflows of resources	\$2,656,367	\$2,127,892	\$15,062	\$3,538	\$2,671,429	\$2,131,430	25%
Net Position							
Net Investment in							
Capital assets	\$4,347,481	\$4,464,395	\$31,342	\$39,199	\$4,378,823	\$4,503,594	-3%
Restricted	\$2,823,307	\$2,435,820	-	-	\$2,823,307	\$2,435,820	16%
Unrestricted	\$32,334	\$1,151,220	\$(14,533)	\$24,591	\$17,801	\$1,175,811	-98%
TOTAL NET POSITION	\$7,203,122	\$8,051,435	\$16,809	\$63,790	\$7,219,931	\$8,115,225	-11%

The District's total net position decreased by 11%, or \$895,294 over the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$387,487 over

the prior year. The increase was primarily a result of an increase in General, PPEL and Sales Tax Capital Projects fund ending balance.

Unrestricted net position . the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements . decreased \$1,158,010, or 98%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions . an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$1,472,452 and 36,222, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the change in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Harris-Lake Park School Changes in Net Position FY 14-15							
	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014-2015
Revenues							
Program Revenues:							
Charges for services	536,321	515,433	131,318	130,230	667,639	645,663	-3%
Operating Grants & Contrib. & Restricted	581,464	568,847	88,099	92,479	669,563	661,326	-1%
Capital Grants & Contrib. and Restricted	429,777	-	-	-	429,777	-	-100%
General Revenues:							
Property taxes & other taxes	2,331,867	2,495,391			2,331,867	2,495,391	7%
Unrestricted State Grants	856,045	846,034			856,045	846,034	-1%
Other	297,716	56,797	427	409	298,143	57,206	-81%
Total Revenues	\$ 5,033,190	\$ 4,482,502	\$ 219,844	\$ 223,118	\$ 5,253,034	\$ 4,705,620	-10%
Expenses							
Instruction	2,104,804	2,059,833			2,104,804	2,059,833	-2%
Pupil & Instructional Svcs	134,125	130,566			134,125	130,566	-3%
Administrative & Business	512,884	667,588			512,884	667,588	30%
Maintenance & Operations	372,588	408,519			372,588	408,519	10%
Transportation	182,763	107,509			182,763	107,509	-41%
Other	446,806	483,793	219,407	233,877	666,213	717,670	8%
Total Expenses	\$ 3,753,970	\$ 3,857,808	\$ 219,407	\$ 233,877	\$ 3,973,377	\$ 4,091,685	3%
Change in net position	\$ 1,279,220	\$ 624,694	\$ 437	\$ (10,759)	\$ 1,279,657	\$ 613,935	-52%

Property tax and unrestricted state grants account for 71% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 87% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$4,482,502 and expenses were \$3,857,808. In this budget year, the District was able to balance the budget by trimming expenses to match available revenues when comparing total governmental activities.

Expenditures increased in all areas except instruction. Revenues increased in all the area of property taxes.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

<i>Net Cost of Governmental Activities</i>				
Harris-Lake Park School Net Cost of Governmental Activities 14-15				
	Total Cost of Services	Total Cost of Services 2014 (Not restated)	Net Cost of Services	Net Cost of Services 2014 (Not restated)
	2015		2015	
Instruction	\$ 2,059,833	\$ 2,104,804	\$ 1,182,935	\$ 1,130,935
Pupil & Instructional Svcs	\$ 130,566	\$ 134,125	\$ 130,566	\$ 134,125
Administrative & Business	\$ 667,588	\$ 512,884	\$ 667,588	\$ 512,884
Maintenance & Operations	\$ 408,519	\$ 372,588	\$ 408,519	\$ 372,388
Transportation	\$ 107,509	\$ 182,763	\$ 107,509	\$ 182,763
Other	\$ 483,793	\$ 446,806	\$ 276,411	\$ (126,687)
TOTAL	\$ 3,857,808	\$ 3,753,970	\$ 2,773,528	\$ 2,206,408

- The cost financed by users of the District's programs was \$515,433.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$568,847.
- The net cost of governmental activities was financed with \$2,495,391 in property and other taxes and \$846,034 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$223,118 and expenses were \$233,877. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Harris-Lake Park Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$4,117,037 increased from last year's ending fund balances of \$3,349,764.

Governmental Fund Highlights

- The District's increased General Fund financial position is the result of the district receiving increased revenues in all areas and controlling expenditures through the line item budget.
- The General Fund balance increased from \$1,255,617 to \$1,532,564. This increase is due primarily to an increase in property tax.
- The Capital Project Fund includes revenues from sales tax and from the physical plant and equipment property tax levy. These two revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for financial reporting. Balances remaining in the fund at year-end must be used for future capital improvements and equipment acquisitions.
- The Debt Service fund balance increased from \$71,944 at June 30, 2014 to \$279,539 at June 30, 2015.
- The Management fund balance decreased by \$46,940. Monies in this fund may be used to pay for property and liability insurance, unemployment benefits, legal settlements and early retirement benefits. The District is accumulating a balance in this fund for possible early retirement benefits in the near future.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$27,568 (restated) at June 30, 2014 to \$16,809 at June 30, 2015. This is a decrease in net position of \$10,759. Food costs continue to be high because of a federal mandate for healthier meals. However, the District also reflected the related expenses for the net OPEB liability, which caused an overall reduction of net position.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except blended component units, internal service funds, permanent funds and agency funds. This is referred to as the certified budget. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's certified budget is prepared on the GAAP basis.

Total expenditures are approximately \$3,704,140 dollars less than budgeted. Total receipts are approximately \$207,505 less than originally budgeted. It is the District's practice to budget expenditures at the maximum authorized spending limit. The District then controls General Fund spending through its line item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

School districts have two levels of budgetary control. One form of budgetary control exists through the certified budget, which includes all funds of the District as noted above. This budget is certified with the County Auditor and Department of Management each year. Iowa school districts may not certify a general fund budget in excess of its spending authority.

The other level of budgetary control is the unspent (maximum) authorized budget and pertains only to the General Fund of the District. The maximum authorized budget is the total spending authority in the General Fund of the District. The unspent balance is a budgetary concept and does not mean the actual General Fund cash. It is imperative for users of District financial information to make this important distinction. The unspent balance is the amount of spending authority that is carried over into the next fiscal year. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or actual financial position (unreserved, undesignated General Fund balance) of the District.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$9,058,823, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 36% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$284,661.

Harris-Lake Park School Capital Assets (net of depreciation) A-6							
	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 58,075	\$ 58,075			\$ 58,075	\$ 58,075	0.00%
Construction in Progress	\$ 2,582,315	\$ -			\$ 2,582,315	\$ -	100.00%
Buildings	\$ 5,749,598	\$ 5,915,371			\$ 5,749,598	\$ 5,915,371	-2.80%
Other Improvements	\$ 183,414	\$ 195,850			\$ 183,414	\$ 195,850	-6.35%
Equipment & Furniture	\$ 452,434	\$ 446,809	\$ 31,342	\$ 39,199	\$ 483,776	\$ 486,008	-.46%
Intangible Assets	\$ 1,645	\$ 3,290			\$ 1,645	\$ 3,290	-50.00%
TOTAL	\$ 9,027,481	\$ 6,619,395	\$ 31,342	\$ 39,199	\$ 9,058,823	\$ 6,658,594	36.05%

Long-Term Debt

At June 30, 2015, the District had \$5,970,969 in general obligation and other long term debt. This represents an increase of 166.35% from last year. Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a bond rating of A1 assigned by national rating agencies to the District's debt since 2011.

The constitution of the State of Iowa limits the amount of debt school districts can issue to 5% of the assessed value of all taxable property within the district. The District's outstanding bonded and note indebtedness is significantly below its constitutional debt limit of approximately \$7.5 million.

11-12 Long Term Liabilities			
	Total School District		Percentage Change
	2015	2014	2014-15
Governmental Activities:			
General Obligations Bonds	\$ 1,880,000	\$ 2,155,000	-12.76%
Revenue Bonds	\$ 2,800,000	\$ -	100.00%
Net Pension Liability	\$ 1,205,016	\$ -	100.00%
Net OPEB Liability	\$ 54,008	\$ 44,690	20.85%
TOTAL	\$ 5,939,024	\$ 2,199,690	169.99%
Business Type Activities:			
Net Pension Liability	\$ 29,631	\$ 40,588	-27.00%
Net OPEB Liability	\$ 2,314	\$ 1,483	56.04%
TOTAL	\$ 31,945	\$ 42,071	-24.07%

ECO NOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

Several factors are currently impacting the Harris-Lake Park CSD financial position and there are also some factors on the horizon that will have a future impact on the financial position. These factors will have both a negative and positive impact on the HLP financial position.

Enrollment

Harris-Lake Park student enrollment has increased by 8 students for the 2015-16 school year. The district also benefits from a positive number of students open enrolled into and tuition into the district. A stable to declining enrollment trend is projected for the next several years. The District has a certified Pre-School which allows the district to count pre-school students at .5 when calculating the certified enrollment. In the past, PK-5 enrollment has trended upward as a direct result of young families moving to the area for economic reasons; however the trend for 2016-17 and beyond is a stable to declining PK-5 enrollment..

The state government has set allowable growth (SSA) at 2.25% for 2016-17. Based on this situation, a portion of salary increases that have been given and will be given in future years may need to be taken out of the General Fund balance. The only way to reduce the impact of revenues not matching expenditures is reduction of staff, which the district has done where possible.

State and regional economics and employment opportunities may continue to have a big impact on our enrollment and state funding. The district will need to watch economic trends, enrollment trends and state funding carefully to make needed preparations and adjustments to expenditures.

Economy

The regional economy seems to continue rebounding upward. The farm economy is good but has seen a sharp drop in commodity prices. Local businesses and industries are still hiring. Increasing enrollment is critical when the state government is limiting allowable growth. Staff reductions and cutting expenditures are likely in the future if enrollment trends downward and allowable growth doesn't match increased expenditures.

Unstable Special Education Population

The Harris-Lake Park CSD has had an unstable Special Education population. This likely will continue. Concerns related to this have been students being sent to alternative educational locations or students who are open enrolled to another district, with the district being responsible for the billing. We are working toward serving all students in our district and have cut down the number of students served outside the district. This year the district had a positive Special Education balance.

Local Option Sales and Service Tax

This is the fifth year the district is part of the state wide penny sales tax called the Local Option Sales Tax or SAVE. These revenues are estimated at \$310,000 for 2016-17. The district has added a \$3,000,000 addition to the MS/HS building. \$227,000 a year of SAVE dollars are committed to paying off the addition until the year 2030.

Wind Mill Farms

The Harris-Lake Park District has two wind mill farms partially located in the district. They are now coming on the tax rolls after several years of abatements. This will have a positive impact for increased valuation for the district. Increased valuation is critical for our property tax payers in a time of declining state aid and an economic climate in need of tax relief. A major concern exists that the Osceola County Supervisors TIFed \$9,200,000 of taxable valuation of the wind farm turbines which means the district can't levy its general fund against the TIFed taxable valuation. The TIF hurts Harris-Lake Park property tax payers.

Negotiations

A 3.24 % salary increase settlement was reached for 2016-17.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Dennis Peters
Superintendent
or
Mindy Gunderson
School Board Secretary

Harris-Lake Park School
905 South Market St
PO Box 8
Lake Park IA 51347

Phone 712-832-3809
Fax 712-832-3812

BASIC FINANCIAL STATEMENTS

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash, cash equivalents and pooled investments	4,465,140	20,546	4,485,686
Receivables:			
Property tax:			
Delinquent	16,693	-	16,693
Accounts	416	384	800
Due from other governments	90,422	-	90,422
Note receivable	232,022	-	232,022
Inventories	-	4,782	4,782
Capital assets, net of accumulated depreciation	9,027,481	31,342	9,058,823
Total assets	13,832,174	57,054	13,889,228
Deferred Outflows of Resources			
Succeeding year property taxes	2,196,809	-	2,196,809
Pension related deferred outflows	275,006	6,763	281,769
	2,471,815	6,763	2,478,578
Liabilities			
Accounts payable	436,919	-	436,919
Due to other governments	18,715	-	18,715
Accrued interest payable	49,842	-	49,842
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	280,000	-	280,000
Revenue bonds payable	145,000	-	145,000
Portion due after one year:			
General obligation bonds payable	1,600,000	-	1,600,000
Revenue bond anticipation note	2,655,000	-	2,655,000
Net pension liability	1,205,016	29,632	1,234,648
Net OPEB liability	54,008	2,314	56,322
Total liabilities	6,444,500	31,946	6,476,446
Deferred Inflows of Resources:			
Unavailable property tax revenue	2,196,809	-	2,196,809
Pension related deferred inflows	459,558	11,301	470,859
Other	-	3,761	3,761
Total deferred inflows of resources	2,656,367	15,062	2,671,429

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net position			
Net investment in capital assets	4,347,481	31,342	4,378,823
Restricted for:			
Categorical funding	56,654	-	56,654
Management levy	409,086	-	409,086
Physical plant and equipment levy	585,206	-	585,206
Student activities	135,935	-	135,935
School infrastructure	1,406,729	-	1,406,729
Debt service	229,697	-	229,697
Unrestricted	32,334	(14,533)	17,801
Total net position	7,203,122	16,809	7,219,931

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	1,408,172	313,482	360,968	-
Special	245,641	-	35,107	-
Other	406,020	129,813	37,528	-
	<u>2,059,833</u>	<u>443,295</u>	<u>433,603</u>	<u>-</u>
Support services:				
Student	40,876	-	-	-
Instructional staff	89,690	-	-	-
Administration	667,588	-	-	-
Operation and maintenance of plant	408,519	-	-	-
Transportation	107,509	-	-	-
	<u>1,314,182</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	56,967	7,245	-	-
Long-term debt interest	113,373	64,893	-	-
AEA flowthrough	135,244	-	135,244	-
Depreciation (unallocated)*	178,209	-	-	-
	<u>483,793</u>	<u>72,138</u>	<u>135,244</u>	<u>-</u>
Total governmental activities	3,857,808	515,433	568,847	-
Business type activities:				
Non-instructional programs:				
Food service operations	<u>233,877</u>	<u>130,230</u>	<u>92,479</u>	<u>-</u>
Total business type activities	<u>4,091,685</u>	<u>645,663</u>	<u>661,326</u>	<u>-</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net position

Net position beginning of year (restated)

Net position end of year

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
\$	\$	\$
(733,722)	-	(733,722)
(210,534)	-	(210,534)
(238,679)	-	(238,679)
<u>(1,182,935)</u>	<u>-</u>	<u>(1,182,935)</u>
(40,876)	-	(40,876)
(89,690)	-	(89,690)
(667,588)	-	(667,588)
(408,519)	-	(408,519)
(107,509)	-	(107,509)
<u>(1,314,182)</u>	<u>-</u>	<u>(1,314,182)</u>
(49,722)	-	(49,722)
(48,480)	-	(48,480)
-	-	-
<u>(178,209)</u>	<u>-</u>	<u>(178,209)</u>
<u>(276,411)</u>	<u>-</u>	<u>(276,411)</u>
(2,773,528)	-	(2,773,528)
<u>-</u>	<u>(11,168)</u>	<u>(11,168)</u>
<u>(2,773,528)</u>	<u>(11,168)</u>	<u>(2,784,696)</u>
1,819,257	-	1,819,257
293,894	-	293,894
71,075	-	71,075
311,165	-	311,165
846,034	-	846,034
12,988	-	12,988
43,809	409	44,218
<u>3,398,222</u>	<u>409</u>	<u>3,398,631</u>
624,694	(10,759)	613,935
<u>6,578,428</u>	<u>27,568</u>	<u>6,605,996</u>
<u>7,203,122</u>	<u>16,809</u>	<u>7,219,931</u>

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2015

	General	Capital Projects	Debt Service	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Assets					
Cash, cash equivalents and pooled investments	1,498,226	2,144,569	277,359	544,986	4,465,140
Receivables:					
Property tax:					
Delinquent	13,233	527	2,180	753	16,693
Succeeding year	1,735,611	72,647	288,551	100,000	2,196,809
Accounts	416	-	-	-	416
Due from other governments	42,175	48,247	-	-	90,422
Note receivable	-	232,022	-	-	232,022
Total assets	3,289,661	2,498,012	568,090	645,739	7,001,502
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	2,771	433,430	-	718	436,919
Due to other governments	18,715	-	-	-	18,715
Total liabilities	<u>21,486</u>	<u>433,430</u>	<u>-</u>	<u>718</u>	<u>455,634</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,735,611	72,647	288,551	100,000	2,196,809
Other	-	232,022	-	-	232,022
Total deferred inflows of resources	<u>1,735,611</u>	<u>304,669</u>	<u>288,551</u>	<u>100,000</u>	<u>2,428,831</u>
Fund balances:					
Restricted for:					
Categorical funding	56,654	-	-	-	56,654
Debt service	-	-	279,539	-	279,539
Management levy	-	-	-	409,086	409,086
Student activities	-	-	-	135,935	135,935
School infrastructure	-	1,406,729	-	-	1,406,729
Physical plant and equipment	-	353,184	-	-	353,184
Assigned	26,279	-	-	-	26,279
Unassigned	1,449,631	-	-	-	1,449,631
Total fund balances	<u>1,532,564</u>	<u>1,759,913</u>	<u>279,539</u>	<u>545,021</u>	<u>4,117,037</u>
Total liabilities, deferred inflows of resources and fund balances	3,289,661	2,498,012	568,090	645,739	7,001,502

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2015

		\$
Total fund balances of governmental funds (Exhibit C)		4,117,037
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		9,027,481
Other long-term assets are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		232,022
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(49,842)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	275,006	
Deferred inflows of resources	<u>(459,558)</u>	(184,552)
Long-term liabilities, including bonds payable, other post employment benefits payable and net pension liability, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.		<u>(5,939,024)</u>
Net position of governmental activities (Exhibit A)		<u><u>7,203,122</u></u>

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

	General	Capital	Debt	Nonmajor	Total
	\$	Projects	Service	Governmental	\$
Revenues:					
Local sources:					
Local tax	1,721,715	71,075	293,894	97,542	2,184,226
Tuition	265,387	-	-	-	265,387
Other	90,447	38,956	12,988	124,452	266,843
State sources	1,306,791	311,165	-	-	1,617,956
Federal sources	108,090	-	-	-	108,090
Total revenues	<u>3,492,430</u>	<u>421,196</u>	<u>306,882</u>	<u>221,994</u>	<u>4,442,502</u>
Expenditures:					
Current:					
Instruction:					
Regular	1,510,749	-	-	-	1,510,749
Special	244,469	-	-	-	244,469
Other	295,293	-	-	105,297	400,590
	<u>2,050,511</u>	<u>-</u>	<u>-</u>	<u>105,297</u>	<u>2,155,808</u>
Support services:					
Student	40,876	-	-	-	40,876
Instructional staff	110,023	-	-	-	110,023
Administration	502,167	162,510	750	1,872	667,299
Operation and maintenance of plant	267,129	-	-	140,215	407,344
Transportation	109,533	-	-	12,297	121,830
	<u>1,029,728</u>	<u>162,510</u>	<u>750</u>	<u>154,384</u>	<u>1,347,372</u>
Other expenditures:					
Facilities acquisition	-	2,529,768	-	-	2,529,768
Long-term debt:					
Principal	-	-	296,000	-	296,000
Interest and fiscal charges	-	-	51,037	-	51,037
AEA flowthrough	135,244	-	-	-	135,244
	<u>135,244</u>	<u>2,529,768</u>	<u>347,037</u>	<u>-</u>	<u>3,012,049</u>
Total expenditures	<u>3,215,483</u>	<u>2,692,278</u>	<u>347,787</u>	<u>259,681</u>	<u>6,515,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>276,947</u>	<u>(2,271,082)</u>	<u>(40,905)</u>	<u>(37,687)</u>	<u>(2,072,727)</u>

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

	General	Capital Projects	Debt Service	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Other financing sources (uses):					
Bonds issued	-	2,800,000	-	-	2,800,000
Sale of real property - principal	-	40,000	-	-	40,000
Transfers in	-	-	248,500	-	248,500
Transfers out	-	(248,500)	-	-	(248,500)
Total other financing sources (uses)	-	2,591,500	248,500	-	2,840,000
Change in fund balances	276,947	320,418	207,595	(37,687)	767,273
Fund balances beginning of year	1,255,617	1,439,495	71,944	582,708	3,349,764
Fund balances end of year	<u>1,532,564</u>	<u>1,759,913</u>	<u>279,539</u>	<u>545,021</u>	<u>4,117,037</u>

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2015

	\$	\$
Change in fund balances - total governmental funds (Exhibit E)		767,273
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense and capital outlay expenditures in the current year are as follows:		
Expenditures for capital assets	2,728,588	
Loss on the disposal of capital assets	(41,542)	
Depreciation expense	<u>(278,960)</u>	2,408,086
Receipts from payment of principal on a note receivable are reported as revenues in the governmental funds, but the payments reduce notes receivable in the Statement of Net Position.		(56,967)
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		275,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		(41,337)
The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		180,283
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Pension expense	(96,843)	
Other postemployment benefits	<u>(10,801)</u>	(107,644)
Proceeds from issuing long-term liabilities are included in the governmental funds but increase long-term liabilities in the Statement of Net Position.		<u>(2,800,000)</u>
Changes in net Position of governmental activities (Exhibit B)		<u>624,694</u>

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Statement of Net Position
Proprietary Fund

June 30, 2015

	Enterprise, Major School Nutrition
	<u>\$</u>
Assets	
Current assets:	
Cash and cash equivalents	20,546
Accounts receivable	384
Inventories	<u>4,782</u>
Total current assets	25,712
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>31,342</u>
Total assets	<u>57,054</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>6,763</u>
Liabilities	
Current liabilities:	
Deferred revenue	<u>3,761</u>
Noncurrent liabilities:	
Net OPEB liability	2,314
Net pension liability	<u>29,632</u>
Total Liabilities	<u>35,707</u>
Deferred Inflows of Resources	
Pension related deferred inflows	<u>11,301</u>
Net Position	
Investment in capital assets	31,342
Unrestricted	<u>(14,533)</u>
Total net position	<u><u>16,809</u></u>

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund

Year ended June 30, 2015

	Enterprise, Major School Nutrition
	<u>\$</u>
Operating revenue:	
Local sources:	
Charges for service	<u>130,230</u>
Operating expenses:	
Non-instructional programs:	
Salaries	71,864
Benefits	18,946
Supplies	135,210
Depreciation	5,701
Other	2,156
Total operating expenses	<u>233,877</u>
Operating income (loss)	<u>(103,647)</u>
Non-operating revenues:	
State sources	1,911
Federal sources	90,568
Interest income	409
Total non-operating revenues	<u>92,888</u>
Change in net position	(10,759)
Net position beginning of year (restated)	<u>27,568</u>
Net position end of year	<u><u>16,809</u></u>

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2015

	Enterprise, Major School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	130,346
Cash paid to employees for services	(92,031)
Cash paid to suppliers for goods or services	(121,127)
Net cash used by operating activities	<u>(82,812)</u>
Cash flows from non-capital financing activities:	
State grants received	1,911
Federal grants received	77,346
Net cash provided by non-capital financing activities	<u>79,257</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>409</u>
Net increase (decrease) in cash and cash equivalents	(3,146)
Cash and cash equivalents at beginning of year	<u>23,692</u>
Cash and cash equivalents at end of year	<u><u>20,546</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	(103,647)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	13,222
Depreciation	5,701
Decrease (increase) in inventories	861
Decrease (increase) in accounts receivable	(107)
Beginning balance adjustment	2,156
(Decrease) increase in deferred revenue	223
Decrease in net pension liability	(10,956)
Increase in deferred outflows of resources	(2,397)
Increase in deferred inflows of resources	11,301
(Decrease) increase in other postemployment benefits	831
Net cash used by operating activities	<u><u>(82,812)</u></u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$13,222 of federal commodities.

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Position
Fiduciary Fund

June 30, 2015

	Private Purpose Trust Scholarship
	<u>\$</u>
Assets	
Cash, cash equivalents and pooled investments	491,746
Accrued interest receivable	<u>425</u>
Total Assets	492,171
Liabilities	<u>-</u>
Net Position	
Reserved for scholarships	<u><u>492,171</u></u>

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
Fiduciary Fund

Year ended June 30, 2015

	Private Purpose Trust Scholarship
	<u>\$</u>
Additions:	
Local sources:	
Gifts and contributions	4,475
Interest	<u>7,298</u>
Total additions	<u>11,773</u>
Deductions:	
Support services:	
Scholarships awarded	<u>12,150</u>
Change in net position	(377)
Net position beginning of year	<u>492,548</u>
Net position end of year	<u><u>492,171</u></u>

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

1. Summary of Significant Accounting Policies

Harris-Lake Park Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Harris and Lake Park, Iowa and the predominately agricultural territory in a portion of Dickinson and Osceola Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Harris-Lake Park Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Harris-Lake Park Community School District Foundation has been included in the District's Financial Statements as required by Chapters 11.6(1)(a) and 279.62 of the Code of Iowa. The foundation is part of the private purpose trust fund.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements . Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District's proprietary fund is the Enterprise, Major School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds, which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when

they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted, net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the district's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications . committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable . Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets . Capital assets, which include property, furniture and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u> \$
Land	-
Buildings	2,000
Improvements other than buildings	2,000
Intangibles	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20-50 years
Improvements other than buildings	20 years
Intangibles	3-20 years
Furniture and equipment	5-15 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Deferred Outflows of Resources . Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflows of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Advances from Grantors . Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Employees are not paid for unused vacation and sick leave benefits when employment with the District ends.

Long-term Liabilities . In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions . For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees Retirement System (IPERS) and additions to/deductions from IPERS fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources . Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity . In the governmental fund financial statements fund balances are classified as follows:

Restricted . Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned . Amounts the superintendent intends to use for specific purposes.

Unassigned . All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures did not exceed the amount budgeted.

2. **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

3. **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
		\$
Debt Service Fund	Capital Projects Fund	248,500

The transfer to the Debt Service Fund moved revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

4. **Notes Receivable**

The Harris-Lake Park Community School District and the City of Lake Park have entered into an Iowa Code Chapter 28E agreement whereby the School issued general obligation bonds and constructed a \$400,000 community center for the City of Lake Park. The City of Lake Park is to pay the School 20 yearly payments of \$40,000 and will become the sole owner of the community center. The Harris-Lake Park Community School District is reporting a note receivable on its financial statements and is using a discount rate of 7.75%. The District received the first payment during the year ended June 30, 2004. Payments should be received as follows:

<u>Year Ending June 30,</u>	<u>28E Agreement Dated May 2003</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$
2016	22,007	17,993	40,000
2017	23,714	16,286	40,000
2018	25,553	14,447	40,000
2019	27,535	12,465	40,000
2020	29,670	10,330	40,000
2021-2023	103,543	16,458	120,001
	<u>232,022</u>	<u>87,979</u>	<u>320,001</u>

5. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Land	58,075	-	-	58,075
Construction in progress	-	2,582,315	-	2,582,315
	<u>58,075</u>	<u>2,582,315</u>	<u>-</u>	<u>2,640,390</u>
Capital assets being depreciated:				
Buildings	8,556,888	-	-	8,556,888
Improvements other than buildings	326,973	-	-	326,973
Furniture and equipment	1,290,818	146,273	41,542	1,395,549
Intangible assets	16,450	-	-	16,450
Total capital assets being deprec.	<u>10,191,129</u>	<u>146,273</u>	<u>41,542</u>	<u>10,295,860</u>
Less accumulated depreciation for:				
Buildings	2,641,517	165,773	-	2,807,290
Improvements other than buildings	131,123	12,436	-	143,559
Furniture and equipment	844,009	99,106	-	943,115
Intangible assets	13,160	1,645	-	14,805
Total accumulated depreciation	<u>3,629,809</u>	<u>278,960</u>	<u>-</u>	<u>3,908,769</u>
Total capital assets being depreciated, net	<u>6,561,320</u>	<u>(132,687)</u>	<u>41,542</u>	<u>6,387,091</u>
Governmental activities capital assets, net	<u>6,619,395</u>	<u>2,449,628</u>	<u>41,542</u>	<u>9,027,481</u>
Business type activities:				
Furniture and equipment	90,313	-	942	89,371
Less accumulated depreciation	<u>51,114</u>	<u>5,701</u>	<u>(1,214)</u>	<u>58,029</u>
Business type activities capital assets, net	<u>39,199</u>	<u>(5,701)</u>	<u>2,156</u>	<u>31,342</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	15,244
Special	2,510
Other	7,520
Support services:	
Instructional support	5,078
Administration services	1,870
Operation and maintenance of plant services	850
Transportation	67,679
	<u>100,751</u>

Unallocated depreciation	178,209
Total depreciation expense . governmental activities	278,960
Business type activities:	
Food services	5,701

6. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
General obligation bonds	2,155,000	-	275,000	1,880,000	280,000
Revenue bond	-	2,800,000	-	2,800,000	145,000
Net pension liability	1,650,555	-	445,539	1,205,016	-
Net OPEB liability	43,207	10,801	-	54,008	-
Total	3,848,762	2,810,801	720,539	5,939,024	425,000
Business type activities:					
Net pension liability	40,588	-	10,957	29,631	-
Net OPEB liability	1,483	831	-	2,314	-
Total	42,071	831	10,957	31,945	-

General Obligation Bonds Payable

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Refunding Bonds issued March 2011			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2016	1.80	280,000	47,050	327,050
2017	2.10	285,000	42,010	327,010
2018	2.40	290,000	36,025	326,025
2019	2.60	300,000	29,065	329,065
2020	2.80	300,000	21,265	321,265
2021-2022	2.80-3.10	425,000	16,430	441,430
		1,880,000	191,845	2,071,845

Revenue Bonds

Details of the District's June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of October 2014			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2016	3.00	145,000	81,825	226,825
2017	3.00	150,000	77,400	227,400
2018	3.00	155,000	72,825	227,825
2019	3.00	155,000	68,175	223,175
2020	3.00	160,000	63,450	223,450
2021-2025	3.00	880,000	241,050	1,121,050
2026-2030	3.00	1,155,000	97,800	1,252,800
		<u>2,800,000</u>	<u>702,525</u>	<u>3,502,525</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,800,000 bonds issued in October 2014. The bonds were issued for the purpose of financing a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 90% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$3,502,525. For the current year, no principal and \$21,000 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$311,164.

7. Pension Plan

Plan Description . IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits . A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefits includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's

earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits . A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions . Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS's Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the entry age normal actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$184,716.

Net Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions . At June 30, 2015, the District reported a liability of \$1,234,647 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.031132 percent, which was an increase of 0.001678 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$99,220. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of Resources	Deferred Inflows of Resources
	\$	\$
Differences between expected and actual experience	13,418	-
Changes in assumptions	54,488	-
Net difference between projected and actual earnings on pension plan investments	-	470,859
Change in proportion and differences between District contributions and proportionate share of contributions	29,147	-
District contributions subsequent to the measurement date	184,716	-
Total	281,769	470,859

\$184,716 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	\$
2016	140,391
2017	140,391
2018	140,391
2019	140,391
2020	6,348
Total	567,912

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions . The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These

ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
	%	
US Equity	23	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100	

Discount Rate . The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate . The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
	\$	\$	\$
District proportionate share of the net pension liability	2,332,831	1,691,143	307,666

Pension Plan Fiduciary Net Position . Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS's website at www.ipers.org.

Payables to the Pension Plan . At June 30, 2015, the District had reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions all had been remitted to IPERS by June 30, 2015.

8. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 28 active and 1 retired member in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Sanford Health. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	12,664
Interest on net OPEB obligation	1,117
Adjustment to annual required contribution	(2,149)
Annual OPEB cost	11,632
Contributions made	-
Increase in net OPEB obligation	11,632
Net OPEB obligation beginning of year	44,690
Net OPEB obligation end of year	56,322

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$0 to the medical plan. The district had no plan members eligible for benefits contribute to the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
	\$	%	\$
2010	7,621	-	7,621
2011	7,835	-	15,456
2012	8,473	-	23,929
2013	10,237	-	34,166
2014	10,524	-	44,690
2015	11,632	-	56,322

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$88,639, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$88,639. The

covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,390,000, and the ratio of the UAAL to covered payroll was 6.4%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the 94 Group Annuity Mortality Table, projected to 2000.

The UAAL is being amortized over 30 years.

9. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$135,244 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

11. Lease Commitments

The District entered into a 63 month operating lease for copiers. The payments the District will make over the next four years are as follows:

Year Ended June 30	Lease Payment
	\$
06/30/16	4,020
06/30/17	4,020
06/30/18	4,020
06/30/19	1,004
Total	13,064

The District entered into a 3 year operating lease for buses and will make lease payments as follows:

Year Ended June 30	Lease Payment
	\$
06/30/16	31,362

12. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

Program	Amount
	\$
Elementary literacy grant	25,879
Teacher leadership grant	5,714
Educator quality, professional development	25,061
	56,654

13. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions . an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities
	\$	\$
Net position June 30, 2014, as previously reported	8,051,435	63,790
Net pension liability at June 30, 2014	(1,650,000)	(40,588)
Deferred outflows of resources		
Related to contributions made after the June 30, 2013 measurement date	177,548	4,366
Net position July 1, 2014, as restated	<u>6,578,983</u>	<u>27,568</u>

REQUIRED SUPPLEMENTARY INFORMATION

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2015

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	\$	\$	\$	Original \$	Final \$	\$
Revenues:						
Local sources	2,716,456	130,639	2,847,095	3,213,384	3,213,384	(366,289)
State sources	1,617,956	1,911	1,619,867	1,388,209	1,388,209	231,658
Federal sources	108,090	90,568	198,658	271,532	271,532	(72,874)
Total revenues:	<u>4,442,502</u>	<u>223,118</u>	<u>4,665,620</u>	<u>4,873,125</u>	<u>4,873,125</u>	<u>(207,505)</u>
Expenditures/Expenses:						
Instruction	2,155,808	-	2,155,808	3,250,000	3,250,000	1,094,192
Support services	1,347,372	-	1,347,372	2,089,000	2,089,000	741,628
Non-instructional programs	-	233,877	233,877	300,000	300,000	66,123
Other expenditures	3,012,049	-	3,012,049	1,314,246	4,814,246	1,802,197
Total expenditures/expenses:	<u>6,515,229</u>	<u>233,877</u>	<u>6,749,106</u>	<u>6,953,246</u>	<u>10,453,246</u>	<u>3,704,140</u>
Deficiency of revenues under expenditures/expenses	(2,072,727)	(10,759)	(2,083,486)	(2,080,121)	(5,580,121)	3,496,635
Other financing sources (uses) net	<u>2,840,000</u>	<u>-</u>	<u>2,840,000</u>	<u>-</u>	<u>-</u>	<u>2,840,000</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures/expenses	767,273	(10,759)	756,514	(2,080,121)	(5,580,121)	6,336,635
Balance beginning of year (restated)	<u>3,349,764</u>	<u>27,568</u>	<u>3,377,332</u>	<u>2,525,604</u>	<u>2,525,604</u>	<u>851,728</u>
Balance end of year	<u><u>4,117,037</u></u>	<u><u>16,809</u></u>	<u><u>4,133,846</u></u>	<u><u>445,483</u></u>	<u><u>(3,054,517)</u></u>	<u><u>7,188,363</u></u>

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2015, expenditures did not exceed the amounts budgeted.

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.031132%
District's proportionate share of the net pension liability	1,234,647
District's covered-employee payroll	5,462,957
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	22.60%
Plan fiduciary net position as a percentage of the total pension liability	87.61

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Schedule of District Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Statutorily required contribution	184,716	181,914	167,485	151,931	126,514	117,067	109,338	96,939	89,296	88,827
Contributions in relation to the statutorily required contribution	<u>184,716</u>	<u>181,914</u>	<u>167,485</u>	<u>151,931</u>	<u>126,514</u>	<u>117,067</u>	<u>109,338</u>	<u>96,939</u>	<u>89,296</u>	<u>88,827</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	2,068,490	2,037,111	1,931,775	1,882,658	1,820,345	1,760,406	1,721,853	1,602,298	1,552,974	1,544,817
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decrease the inflation assumption from 3.25 percent to 3.00 percent.
- Decrease the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL. UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

Adjusted salary increase assumptions to service based assumptions.

Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.

Lowered the inflation assumption from 3.50 percent to 3.25 percent.

Lowered disability rates for sheriffs and deputies and protection occupation members.

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
2010	July 1, 2009	-	73,225	73,225	0.0%	920,000	8.0%
2011	July 1, 2009	-	73,737	73,737	0.0%	1,235,000	6.0%
2012	July 1, 2009	-	71,400	71,400	0.0%	1,322,000	5.4%
2013	July 1, 2012	-	89,439	89,439	0.0%	1,290,000	6.9%
2014	July 1, 2012	-	89,439	89,439	0.0%	1,240,000	7.2%
2015	July 1, 2012	-	88,639	88,639	0.0%	1,390,000	6.4%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

Assets	Special Revenue Funds		Total
	Management	Student	
	Levy	Activity	
	\$	\$	\$
Cash and pooled investments	408,937	136,049	544,986
Receivables:			
Property tax:			
Delinquent	753	-	753
Succeeding year	100,000	-	100,000
Total assets	509,690	136,049	645,739
Liabilities, Deferred Inflows of Resources & Fund Balances			
Liabilities:			
Accounts payable	604	114	718
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	100,000	-	100,000
Fund balances:			
Restricted for:			
Management levy	409,086	-	409,086
Student activities	-	135,935	135,935
Total fund balances	409,086	135,935	545,021
Total liabilities, deferred inflows of resources and fund balances	509,690	136,049	645,739

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2015

	Special Revenue Funds		
	Management	Student	
	Levy	Activity	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	97,542	-	97,542
Other	9,902	114,550	124,452
Total revenues	<u>107,444</u>	<u>114,550</u>	<u>221,994</u>
Expenditures:			
Current:			
Instruction:			
Other	-	105,297	105,297
Support services:			
Administration	1,872	-	1,872
Operation and maintenance of plant	140,215	-	140,215
Transportation	12,297	-	12,297
Total expenditures	<u>154,384</u>	<u>105,297</u>	<u>259,681</u>
Change in fund balances	(46,940)	9,253	(37,687)
Fund balances beginning of year	<u>456,026</u>	<u>126,682</u>	<u>582,708</u>
Fund balances end of year	<u><u>409,086</u></u>	<u><u>135,935</u></u>	<u><u>545,021</u></u>

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2015

Assets	Capital Projects			Total
	Construction	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
	\$	\$	\$	\$
Cash, cash equivalents and pooled investments	404,936	1,386,976	352,657	2,144,569
Receivables:				
Property tax:				
Delinquent	-	-	527	527
Succeeding year	-	-	72,647	72,647
Due from other governments	-	48,247	-	48,247
Note receivable	-	-	232,022	232,022
Total assets	404,936	1,435,223	657,853	2,498,012
Liabilities, Deferred Inflows of Resources & Fund Balances				
Liabilities:				
Accounts payable	-	433,430	-	433,430
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	72,647	72,647
Other	-	-	232,022	232,022
Total deferred inflows of resources	-	-	304,669	304,669
Fund balances:				
Restricted for:				
School infrastructure	404,936	1,001,793	-	1,406,729
Physical plant and equipment	-	-	353,184	353,184
Total fund balances	404,936	1,001,793	353,184	1,759,913
Total liabilities, deferred inflows of resources and fund balances	404,936	1,435,223	657,853	2,498,012

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts

Year ended June 30, 2015

	Capital Projects			
	Construction	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	-	-	71,075	71,075
Other	-	34,175	4,781	38,956
State sources	-	311,165	-	311,165
Total revenues	-	345,340	75,856	421,196
Expenditures:				
Current:				
Support services:				
Administration services	-	162,510	-	162,510
Other expenditures:				
Facilities acquisition	-	2,529,768	-	2,529,768
Total expenditures	-	2,692,278	-	2,692,278
Excess (deficiency) of revenues over (under) expenditures	-	(2,346,938)	75,856	(2,271,082)
Other financing sources (uses):				
Sale of real property - principal received	-	-	40,000	40,000
Bonds issued	-	2,800,000	-	2,800,000
Transfers out	-	(208,500)	(40,000)	(248,500)
Total other financing sources (uses)	-	2,591,500	-	2,591,500
Change in fund balance	-	244,562	75,856	320,418
Fund balances beginning of year	404,936	757,231	277,328	1,439,495
Fund balance end of year	404,936	1,001,793	353,184	1,759,913

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Vocal music	6,188	6,264	5,642	6,810
Instrumental music	2,420	899	527	2,792
Co-ed athletics	9,309	6,775	8,788	7,296
Boys & girls golf	602	939	957	584
Boys basketball	20,384	7,828	9,520	18,692
Football	6,235	10,188	11,025	5,398
Baseball	79	3,072	2,252	899
Wrestling	673	-	-	673
Girls basketball	12,945	5,526	3,196	15,275
Volleyball	2,211	8,359	8,130	2,440
Softball	1,703	4,787	4,166	2,324
Cheerleading	2,995	2,553	1,961	3,587
Dance team	3,557	2,828	2,400	3,985
Junior class concessions	14,380	22,378	13,893	22,865
FFA	24,992	17,038	18,459	23,571
Hosa	2,489	43	-	2,532
Class of 2020	-	96	-	96
Class of 2019	97	92	-	189
Class of 2018	367	107	-	474
Class of 2017	345	101	-	446
Class of 2016	404	4,267	3,935	736
Class of 2015	1,027	296	1,309	14
Class of 2014	2,273	-	41	2,232
Class of 2013	795	-	-	795
Student council	3,006	2,761	1,796	3,971
Middle school	4,826	5,461	6,148	4,139
Athletic activity account	2,380	1,892	1,152	3,120
	<u>126,682</u>	<u>114,550</u>	<u>105,297</u>	<u>135,935</u>
Total				

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Ten Years

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:										
Local sources:										
Local tax	2,184,226	2,050,153	2,194,781	2,019,265	2,045,260	1,915,057	1,902,821	1,827,388	1,765,637	1,720,672
Tuition	265,387	246,145	208,563	216,486	261,932	241,135	231,766	297,860	246,744	188,446
Other	266,843	960,079	286,005	311,267	243,803	240,995	218,820	294,599	348,667	270,008
State sources	1,617,956	1,580,652	1,228,684	1,192,991	1,137,259	982,197	1,230,968	1,124,349	1,115,535	992,827
Federal sources	108,090	138,571	153,859	147,740	327,570	316,029	134,275	63,446	134,540	125,222
Total revenues	<u>4,442,502</u>	<u>4,975,600</u>	<u>4,071,892</u>	<u>3,887,749</u>	<u>4,015,824</u>	<u>3,695,413</u>	<u>3,718,650</u>	<u>3,607,642</u>	<u>3,611,123</u>	<u>3,297,175</u>
Expenditures:										
Instruction:										
Regular	1,510,749	1,447,354	1,448,849	1,457,304	1,381,309	1,333,569	1,255,318	1,165,897	1,141,716	1,135,140
Special	244,469	270,616	362,201	320,748	335,279	249,541	338,754	331,448	289,047	282,026
Other	400,590	378,590	349,236	397,285	262,686	292,086	320,667	376,356	298,308	296,494
Support services:										
Student	40,876	41,454	16,649	16,257	17,953	12,195	1,407	-	8,431	6,098
Instructional staff	110,023	92,311	107,564	109,486	101,371	77,198	95,377	86,490	95,728	100,261
Administration	667,299	511,683	461,422	385,486	442,471	356,669	349,687	266,805	395,395	421,278
Operation and maintenance	407,344	371,424	349,931	345,172	418,698	366,190	369,022	374,310	333,776	385,895
Transportation	121,830	140,033	135,129	73,664	155,034	67,818	74,648	84,352	68,976	115,179
Other expenditures:										
Facilities acquisition	2,529,768	288,962	232,128	138,187	153,979	87,034	222,045	88,805	225,836	136,540
Long-term debt:										
Principal	296,000	270,000	270,000	2,785,000	335,000	320,000	305,000	290,000	325,848	310,217
Interest and other charges	51,037	54,008	56,708	182,950	148,095	150,994	162,919	173,694	184,909	196,221
AEA flowthrough	135,244	129,416	120,221	109,320	116,691	113,338	102,407	98,503	96,567	93,094
Total expenditures	<u>6,515,229</u>	<u>3,995,851</u>	<u>3,910,038</u>	<u>6,320,859</u>	<u>3,868,566</u>	<u>3,426,632</u>	<u>3,597,251</u>	<u>3,336,660</u>	<u>3,464,537</u>	<u>3,478,443</u>

See accompanying independent auditor's report.

Gary E. Horton CPA

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Independent Auditor's Report on Internal Control
Over Financial Reporting and on compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Harris-Lake Park Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Harris-Lake Park Community School District and of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harris-Lake Park Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harris-Lake Park Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Harris-Lake Park Community School District's Internal Control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings and Responses as items 15-I-A and 15-I-B to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harris-Lake Park Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Finding and Responses.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Harris-Lake Park Community School District's Responses to the Findings

Harris-Lake Park Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Harris-Lake Park Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Harris-Lake Park Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

March 29, 2016

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2015

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

15-I-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, payroll processing, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

15-I-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2015

Part II: Other Findings Related To Required Statutory Reporting:

- 15-II-A Certified Budget: Expenditures for the year ended June 30, 2015, did not exceed the amounts budgeted.
- 15-II-B Questionable Expenditures: No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 15-II-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- 15-II-D Business Transactions: Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u> \$
Mike Bosma, board member	Labor Athletic official	1,105

The transactions do not appear to represent a conflict of interest since the dollar amounts were less than \$2,500.

- 15-II-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 15-II-F Board Minutes: We noted no transactions requiring Board approval that had not been approved by the Board.
- 15-II-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.
- 15-II-H Supplementary Weighting: No variances regarding the supplementary weighting certified to the Department of Education were noted.
- 15-II-I Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- 15-II-J Certified Annual Report (CAR): The Certified Annual Report was certified to the Iowa Department of Education timely.
- 15-II-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.

HARRIS-LAKE PARK COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2015

Part II: Other Findings Related To Required Statutory Reporting (continued):

- 15-II-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

	\$	\$
Beginning balance		757,231
Revenues/transfers in:		
Statewide sales, services and use tax revenue	311,165	
Interest	34,175	
Bonds issued	<u>2,800,000</u>	3,145,340
Expenditures/transfers out:		
Transfers out	208,500	
Admin services	162,510	
School infrastructure construction	<u>2,529,768</u>	<u>2,900,778</u>
Ending balance		<u><u>1,001,793</u></u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E of 423F of the Code of Iowa.